CITY OF HASLET, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

SEPTEMBER 30, 2020

City of Haslet, Texas
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LaFollett and Company PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Haslet, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Haslet, Texas, as of September 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and TMRS pension and OPEB information on pages 3–8 and 46-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information on pages 53-72 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 19, 2021 on our consideration of the City's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

LaFollett & Company PLLC

LaFollett & Company PLLC
Tom Bean, Texas
April 19, 2021

CITY OF HASLET, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020

As management of the City of Haslet, Texas (the "City"), we offer readers of the City of Haslet's financial statements this narrative overview and analysis of the financial activities of the City of Haslet, Texas for the year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the City's financial statements [beginning on page 10].

FINANCIAL HIGHLIGHTS

- Total net position for the City of Haslet at the close of FY20 is $45,274,380 [page 10]. Unrestricted net position at the close of FY20 is $9,658,025 and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $7,555,265 (20%) during fiscal year 2020.
- The City's governmental funds reported combined ending fund balances of $13,926,923 [page 12]. The fund balances increased by $4,572,915 (49%) [page 14]. $6,723,169 [page 12] is unassigned and available for spending at the City's discretion. The General Fund's unassigned fund balance of $6,723,169 [page 12] is equivalent to 187% ($6,743,286/ $3,607,622) of total 2020 General Fund expenditures [page 14], compared to 160% in 2019.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and Statement of Activities [pages 10 and 11]. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a private-sector business.

Fund financial statements [starting on page 12] report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for funding requests and the appropriations from the State.

The notes to the financial statements [page 20] provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

Reporting the City as a Whole – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Government-wide financial statements provide an analysis of the City's overall financial condition and operation [pages 10 and 11]. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position [page 10] includes all the City's assets, deferred inflows of resources, deferred outflows of resources, and liabilities while the Statement of Activities [page 11] includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions, 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City however, non-financial factors should also be considered, such as changes in the City's request for services from citizens and the condition of the City's facilities.

The Statement of Net Position and The Statement of Activities report two kinds of activities, as well as one component unit:

Governmental Type Activities – City services such as police, fire protection, municipal court, parks, street maintenance, and city administration are reported here. City property taxes and charges for services finance most of these activities.

Business-Type Activities - The City uses a proprietary (business-type) fund to account for its water, sewer, and sanitation operations. The services are supported by monthly charges to citizens.

Discretely Presented Component Unit – The Haslet Economic Development Corporation (Type B) is reported in a separate column since it meets the requirements for discrete presentation in the financial statements.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements [pages 12-19] provide detailed information about each City fund. The City's three kinds of funds – governmental, proprietary, and fiduciary – use different accounting approaches.

Governmental Funds – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities, which are reported in the Statement of Net Position and the Statement of Activities and governmental funds in the reconciliation schedules [pages 13 and 15].

Proprietary Funds – The City uses one proprietary (business-type) fund to account for its water, sewer, and sanitation operations. The full-accrual basis of accounting is used for all proprietary type funds.

Fiduciary Funds – The City uses fiduciary funds to account for transactions of the Public Improvement Districts (PID). The full-accrual basis of accounting is used for these funds.

The table below provides a summary of the City's net position at September 30, 2020 and 2019.

Summary of Net Position

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 18,155,349	$ 5,662,613	$ 23,817,962	$ 11,557,895	$ 2,697,053	$ 14,254,948
Capital assets, net	19,637,966	16,617,720	36,255,686	17,601,006	15,616,649	33,217,655
Total Assets	37,793,315	22,280,333	60,073,648	29,158,901	18,313,702	47,472,603
Deferred Outflows of Resources	270,143	28,117	298,260	349,974	43,081	393,055
Other liabilities	4,221,222	576,880	4,798,102	1,358,909	223,536	1,582,445
Long-term liabilities	5,332,845	4,840,078	10,172,923	3,650,524	5,138,950	8,789,474
Total Liabilities	9,554,067	5,416,958	14,971,025	5,009,433	5,362,486	10,371,919
Deferred Inflows of Resources	82,799	43,704	126,503	40,356	33,465	73,821
Net Position:						
Net investment in capital assets	16,618,661	11,814,057	28,432,718	13,987,608	10,521,052	24,508,660
Restricted	7,183,637	-	7,183,637	3,980,197	-	3,980,197
Unrestricted	4,624,294	5,033,731	9,658,025	6,491,282	2,439,780	8,931,062
Total Net Position	$ 28,426,592	$ 16,847,788	$ 45,274,380	$ 24,459,087	$ 12,960,832	$ 37,419,919

The table below provides a summary of the changes in the City's net position for the years ended September 30, 2020 and 2019.

Summary of Changes in Net Position

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 1,744,882	$ 3,863,581	$ 5,608,463	$ 3,248,075	$ 3,367,477	$ 6,615,552
Operating grants and contributions	1,911,251	35,000	1,946,251	162,509	35,000	197,509
Capital grants and contributions	-	2,784,151	2,784,151	3,077,476	4,142,918	7,220,394
General revenues:						
Property taxes	1,770,900	-	1,770,900	2,118,563	-	2,118,563
Sales taxes	2,962,579	-	2,962,579	2,931,335	-	2,931,335
Franchise tax	261,028	-	261,028	235,090	-	235,090
Unrestricted investment earnings	100,084	-	100,084	185,607	42,828	228,435
Miscellaneous revenue (expense)	88,455	35,250	123,705	202,527	39,002	241,529
Total Revenues	8,839,179	6,717,982	15,557,161	12,161,182	7,627,225	19,788,407
Expenses						
General government	689,319	-	689,319	571,095	-	571,095
Streets and parks	984,751	-	984,751	1,093,289	-	1,093,289
Court	186,284	-	186,284	189,821	-	189,821
Library	312,794	-	312,794	304,403	-	304,403
Public safety	1,572,045	-	1,572,045	1,449,330	-	1,449,330
Finance and planning	506,740	-	506,740	485,564	-	485,564
Economic development	125,872	-	125,872	343,976	-	343,976
Public works	380,984	-	380,984	369,951	-	369,951
Non-departmental	210,212	-	210,212	180,124	-	180,124
Interest on long-term debt	166,869	-	166,869	103,639	-	103,639
Water and sewer operations	-	2,866,026	2,866,026	-	2,624,989	2,624,989
Total Expenses	5,135,870	2,866,026	8,001,896	5,091,191	2,624,989	7,716,180
Change in Net Position Before Transfers	3,703,309	3,851,956	7,555,265	7,069,991	5,002,236	12,072,227
Transfers	(35,000)	35,000	-	246,358	(246,358)	-
Total	(35,000)	35,000	-	246,358	(246,358)	-
Change in Net Position	3,668,309	3,886,956	7,555,265	7,316,349	4,755,878	12,072,227
Beginning Net Position, As Restated	24,758,283	12,960,832	37,719,115	17,142,738	8,204,954	25,347,692
Ending Net Position	$ 28,426,592	$ 16,847,788	$ 45,274,380	$ 24,459,087	$ 12,960,832	$ 37,419,919

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves as one useful indicator of a government's financial position. In the case of the City, net position totaled $45,274,380 at the close of FY20. Net assets increased from the prior years restated balance by $7,555,265 (20%) during fiscal year 2020.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by $726,963 (8%) during 2020.

Sixty-three percent (63%) ($28,432718/$45,274,380) [page 10] of the City's net position is invested in capital assets; land, buildings, streets, vehicles, electronic equipment, and infrastructure, less any outstanding debt used to acquire these assets. The City uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the period.

As the City completed the year 2020, its governmental funds, as presented in the balance sheet [page 12], reported a combined fund balance of $13,926,923 [page 12] compared to $10,060,921 in FY19. This represents an increase of $4,572,915 [page 14]. Approximately 48% ($6,723,169 / $13,926,923) of this total amount is the unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balances are restricted or committed as further explained in the notes to the financial statements which begin on page 20.

The General Fund is the chief operating fund of the City. At the end of the current period, the unassigned fund balance of the General Fund totaled $6,723,169 while the total fund balance was $6,743,286. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total General Fund expenditures [page 14]. Unassigned fund balance represents 186% ($6,723,169 / $3,607,622) of total FY20 General Fund expenditures.

Revenues for the City's General Fund were $5,542,482 [page 14], while total expenditures were $3,607,622 [page 14]. The General Fund had a net increase in fund balance of $1,146,137.

Revenues for the City's proprietary fund were $6,717,982, while total expenses were $2,600,578. After including transfers out, total Water and Sewer Fund net position increased by $3,886,956. The current year increase was largely due to an increase in water service revenue.

Other Analysis of the City's Funds

Budget versus Actual for the General Fund:

For the required supplemental information of budget versus actual report shown on page 46, the statement reflects a negative budget variance of $149,709. One contributing factor was that actual sales tax revenue was $378,272 less than the amended budget; however, overall expenditures were $243,810 less than the amended budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment (net of depreciation) in capital assets for all activities as of September 30, 2020 is $36,255,686 compared to $33,217,653 at September 30, 2019. This is a net increase in capital assets of $3,038,033 and mostly attributable to street and drainage improvements and additions to water system infrastructure.

Long-term Debt

At September 30, 2020, the City had total bonded debt and contractual obligations outstanding of $9,580,000. This is an increase of $1,393,000 from the prior year. Principal payments on bonds and contractual obligations totaled $482,000 and all payments were made when due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The 2020-2021 budget reflects the positive financial condition of the City, and the ongoing mission of the Haslet City Council to provide cost-effect programs and responsive services to enhance the quality of life in Haslet. The City accomplishes this through the utilization of sound fiscal policy directives and a conservative approach in revenue and expenditure forecasting.

Sales tax revenue and property tax revenue are the two largest revenue sources for the City's governmental funds. Property taxes are expected to increase by 3.499% and sales taxes are budgeted 15.5% over the budget for 2019-2020. The increase in sales tax is due to the increase in residential construction in Haslet. Due to the nature of the volatility in sales tax receipts, the City has been conservative in projecting sales tax revenue and actual receipts have generally met expectations. New home construction starts will continue to add to the sales tax revenue in 2020-21. The City will also see increases in other revenues related to development in the City such as permits and inspection fees.

Each year, a major objective of the budget process is to focus on identifying cost-saving measures and to cut expenses however possible. Every request is reviewed with the City Administrator and Finance Director. The non-recurring requests are transferred to a Capital Projects Fund, which is funded by General Fund excess revenues over expenditures at year-end. Operating expenditures in the General Fund are expected to increase approximately 8.32% over the 2019-2020 adopted budget. A four percent merit increase is proposed for City employees and additional personnel were authorized for the fire department.

The Water/Wastewater Fund budget anticipates an increase in expenditures of approximately 11.6%. This is due primarily to the expected increase in water purchases and sewer treatment expenses. The City has a policy to pass through all, or part of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City of Haslet, Finance Director, 101 Main Street, Haslet, Texas 76052.

BASIC FINANCIAL STATEMENTS

City of Haslet, Texas

STATEMENT OF NET POSITION

As of September 30, 2020

	Primary Government			Component Unit - EDC Type B
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	$ 16,461,274	$ 2,414,379	$ 18,875,653	$ 8,206,939
Receivables (net of allowances):				
Taxes	136,708	-	136,708	-
Court	211,861	-	211,861	-
Accounts	-	631,669	631,669	-
Miscellaneous	55,997	-	55,997	-
Intergovernmental	1,233,867	759	1,234,626	166,740
Inventories	-	56,120	56,120	959,789
Prepaid items	20,117	-	20,117	-
Net pension asset	35,525	7,570	43,095	835
Restricted assets:				
Cash and cash equivalents	-	2,552,116	2,552,116	-
Capital assets (net of acc. depreciation)				
Non-depreciable	7,468,045	1,407,194	8,875,239	537,634
Net depreciable capital assets	12,169,921	15,210,526	27,380,447	-
Total Assets	37,793,315	22,280,333	60,073,648	9,871,937
Deferred Outflows of Resources				
Deferred OPEB balances	8,397	1,986	10,383	-
Deferred pension balances	122,630	26,131	148,761	2,881
Deferred charges on refunding	139,116	-	139,116	-
Total Deferred Outflows of Resources	270,143	28,117	298,260	2,881
Liabilities				
Accounts payable	1,210,961	383,191	1,594,152	429,388
Accrued liabilities	2,703,588	42,449	2,746,037	8,902
Due to other governments	211,862	-	211,862	-
Customer deposits	-	141,530	141,530	2,250
Interest payable	5,431	-	5,431	6,796
Compensated absences	89,380	9,710	99,090	
Noncurrent liabilities:				
Total OPEB liability	43,839	10,372	54,211	-
Due within one year	310,961	284,597	595,558	133,556
Due in more than one year	4,978,045	4,545,109	9,523,154	3,972,579
Total Liabilities	9,554,067	5,416,958	14,971,025	4,553,471
Deferred Inflows of Resources				
Deferred charges on refunding	-	26,043	26,043	-
Deferred pension balances	82,029	17,479	99,508	1,927
Deferred OPEB balances	770	182	952	-
Total Deferred Inflows of Resources	82,799	43,704	126,503	1,927
Net Position				
Net Investment in Capital Assets	16,618,661	11,814,057	28,432,718	716,092
Restricted	7,183,637	-	7,183,637	-
Unrestricted	4,624,294	5,033,731	9,658,025	4,603,328
Total Net Position	$ 28,426,592	$ 16,847,788	$ 45,274,380	$ 5,319,420

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit CEDC (Type B)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	$ 689,319	$ 1,499,341	$ -	$ -	$ 810,022		$ 810,022	
Streets and parks	984,751	34,000	1,911,251	-	960,500		960,500	
Court	186,284	211,541	-	-	25,257		25,257	
Library	312,794	-	-	-	(312,794)		(312,794)	
Public Safety	1,572,045	-	-	-	(1,572,045)		(1,572,045)	
Finance and planning	506,740	-	-	-	(506,740)		(506,740)	
Economic development	125,872	-	-	-	(125,872)		(125,872)	
Public works	380,984	-	-	-	(380,984)		(380,984)	
Non-departmental	210,212	-	-	-	(210,212)		(210,212)	
Interest and charges on long-term debt	166,869	-	-	-	(166,869)		(166,869)	
Total governmental activities	5,135,870	1,744,882	1,911,251	-	(1,479,737)		(1,479,737)	
Business-type activities:								
Water and Sewer	2,866,026	3,863,581	35,000	2,784,151	-	$ 3,816,706	3,816,706	
Total Business-type Activities	2,866,026	3,863,581	35,000	2,784,151	-	3,816,706	3,816,706	
Total primary government	8,001,896	5,608,463	1,946,251	2,784,151	(1,479,737)	3,816,706	2,336,969	
Component unit:								
Community & Economic Development	285,813	-	-	-				$ (285,813)
Total component unit	$ 285,813	$ -	$ -	$ -				(285,813)
		General Revenues and Transfers:						
		Property taxes			1,770,900	-	1,770,900	-
		Sales taxes			2,962,579	-	2,962,579	955,097
		Franchise taxes			261,028	-	261,028	-
		Unrestricted investment earnings			100,084	-	100,084	34,495
		Other revenue			88,455	35,250	123,705	30,870
		Transfers in (out)			(35,000)	35,000	-	-
		Total General Revenues and Transfers			5,148,046	70,250	5,218,296	1,020,462
		Change in Net Position			3,668,309	3,886,956	7,555,265	734,649
		Beginning Net Position, As Restated			24,758,283	12,960,832	37,719,115	4,584,771
		Ending Net Position			$ 28,426,592	$ 16,847,788	$ 45,274,380	$ 5,319,420

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
BALANCE SHEET
GOVERNMENTAL FUNDS
As of September 30, 2020

	General Fund	EDC (Type A)	CO Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 9,181,590	$ 5,352,172	$ 132,669	$ 1,794,843	$ 16,461,274
Receivables: (net)					
Taxes	43,807	-	-	92,901	136,708
Court	211,861	-	-	-	211,861
Other	10,012	-	45,985	-	55,997
Intergovernmental	333,480	83,370	817,017	-	1,233,867
Prepaid items	20,117	-	-	-	20,117
Total Assets	$ 9,800,867	$ 5,435,542	$ 995,671	$ 1,887,744	$ 18,119,824
Liabilities					
Accounts payable	$ 86,691	$ 207,599	$ 786,503	$ 130,168	$ 1,210,961
Accrued liabilities	2,702,631	957	-	-	2,703,588
Due to other governments	211,862	-	-	-	211,862
Total Liabilities	3,001,184	208,556	786,503	130,168	4,126,411
Deferred Inflows of Resources					
Unearned revenue due to property tax and other	56,397	-	-	10,093	66,490
Total Deferred Inflows of Resources	56,397	-	-	10,093	66,490
Fund Balances					
Nonspendable	20,117	-	-	-	20,117
Restricted	-	5,226,986	-	1,384,473	6,611,459
Committed	-	-	209,168	363,010	572,178
Unassigned	6,723,169	-	-	-	6,723,169
Total Fund Balances	6,743,286	5,226,986	209,168	1,747,483	13,926,923
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,800,867	$ 5,435,542	$ 995,671	$ 1,887,744	$ 18,119,824

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
As of September 30, 2020

Total Fund Balances - Governmental Funds Balance Sheet	$	13,926,923
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:		
Capital assets used in governmental activities are not reported in the funds.		19,637,966
Property taxes receivable and court fines unavailable to pay for current period expenditures are deferred in the funds.		66,490
Payables for bond and certificates of obligation principal, which are not due in the current period, are not reported in the funds.		(5,289,006)
Payables for bond interest, which are not due in the current period, are not reported in the funds.		(5,431)
Payables for compensated absences, which are not due in the current period, are not reported in the funds.		(89,380)
Deferred bond refunding losses are not reported in the funds.		139,116
The City's proportionate share of the OPEB liability and net pension liability are not reported in the funds.		(8,314)
Deferred resource inflows related to the pension and OPEB plans are not reported in the funds.		(82,799)
Deferred resource outflows related to the pension and OPEB plans are not reported in the funds.		131,027
Net Position of Governmental Activities	$	28,426,592

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	General Fund	EDC (Type A)	CO Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Sales taxes	$ 1,911,783	$ 477,548	$ -	$ 573,248	$ 2,962,579
Property taxes, penalties, and interest	1,550,601	-	-	294,532	1,845,133
Franchise taxes	261,028	-	-	-	261,028
Licenses and permits	1,384,178	-	-	-	1,384,178
Fines	202,352	-	-	9,189	211,541
Interest	57,444	28,754	1,736	12,150	100,084
Other	59,528	-	-	28,927	88,455
Contributions & Grants	405	-	1,904,144	6,702	1,911,251
Park development fees	-	-	-	34,000	34,000
Fire protection	97,875	-	-	-	97,875
Gas royalties	17,288	-	-	-	17,288
Total Revenues	5,542,482	506,302	1,905,880	958,748	8,913,412
Expenditures					
Current:					
Public safety	695,262	-	-	-	695,262
Fire	566,654	-	-	-	566,654
Administration	355,578	-	-	77,122	432,700
Planning	315,803	-	-	-	315,803
Library	305,785	-	-	7,009	312,794
Public works	310,370	-	-	-	310,370
Parks	199,571	-	-	32,974	232,545
Non-departmental	150,237	-	-	59,975	210,212
Finance	190,937	-	-	-	190,937
Court	173,359	-	-	12,925	186,284
City secretary	146,589	-	-	-	146,589
Economic development	69,803	56,069	-	-	125,872
Streets	106,712	-	-	-	106,712
Capital outlays	20,962	329,811	1,130,180	650,538	2,131,491
Debt service:					
Principal	-	-	-	222,000	222,000
Interest	-	23,576	-	95,738	119,314
Total Expenditures	3,607,622	409,456	1,130,180	1,158,281	6,305,539
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,934,860	96,846	775,700	(199,533)	2,607,873
Other Financing Sources (Uses)					
Transfers in	6,890	2,143,400	-	795,613	2,945,903
Transfers out	(795,613)	(2,185,290)	-	-	(2,980,903)
Proceeds from the issuance of debt	-	1,875,000	-	-	1,875,000
Proceeds from the issuance of premium	-	210,342	-	-	210,342
Proceeds from the issuance of discount	-	(15,530)	-	-	(15,530)
Bond issuance costs	-	(69,770)	-	-	(69,770)
Total Other Financing Sources (Uses)	(788,723)	1,958,152	-	795,613	1,965,042
Net Change in Fund Balances	1,146,137	2,054,998	775,700	596,080	4,572,915
Beginning Fund Balances, as Restated	5,597,149	3,171,988	(566,532)	1,151,403	9,354,008
Ending Fund Balances	$ 6,743,286	$ 5,226,986	$ 209,168	$ 1,747,483	$ 13,926,923

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Net Change in Fund Balances - Total Governmental Funds	$	4,572,915
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		2,131,491
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,099,340)
Certain property tax and court revenues are deferred in the funds. This is the change in these amounts.		(74,233)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		222,000
(Increase) decrease in accrued interest from beginning of period to end of period and amortization of bond premium and discount.		21,454
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(18,546)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.		(2,069,812)
Pension and OPEB expenses relating to GASB 68/75 are recorded in the SOA but not in the funds.		(17,620)
Change in Net Position of Governmental Activities	$	3,668,309

The accompanying notes are an integral part of this statement.

City of Haslet, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUND
As of September 30, 2020

	Water & Sewer Fund
Assets	
Current Assets:	
Cash and investments	$ 2,414,379
Receivables (net of allowances for uncollectible):	
Accounts	631,669
Intergovernmental	759
Inventories	56,120
Total Current Assets	3,102,927
Noncurrent Assets:	
Restricted cash and cash equivalents	2,552,116
Net pension asset	7,570
Capital assets:	
Non-depreciable	1,407,194
Net depreciable capital assets	15,210,526
Total Noncurrent Assets	19,177,406
Total Assets	22,280,333
Deferred Outflows of Resources	
Deferred pension balances	26,131
Deferred OPEB balances	1,986
Total Deferred Outflows of Resources	28,117
Liabilities	
Current Liabilities:	
Accounts payable	383,191
Accrued liabilities	42,449
Customer deposits	141,530
Compensated absences	9,710
Current portions of long-term debt	284,597
Total Current Liabilities	861,477
Noncurrent Liabilities:	
Bonds and certificates of obligation payable (net)	4,545,109
OPEB liability	10,372
Total Noncurrent Liabilities	4,555,481
Total Liabilities	5,416,958
Deferred Inflows of Resources	
Deferred charges on refunding	26,043
Deferred pension balances	17,479
Deferred OPEB balances	182
Total Deferred Inflows of Resources	43,704
Net Position	
Net invested in capital assets	11,814,057
Unrestricted	5,033,731
Total Net Position	$ 16,847,788

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

For the Year Ended September 30, 2020

	Water & Sewer Fund
Operating Revenues	
Water service	2,575,292
Sewer service	443,404
Tap connection fees	85,343
Penalties and interest	38,212
Garbage franchise tax	137,956
Total Operating Revenues	3,280,207
Operating Expenses	
Administration	227,920
Operating	1,828,463
Shared public works expense	186,134
Depreciation	490,785
Total Operating Expenses	2,733,302
Operating Income (Loss)	546,905
Nonoperating Revenues (Expenses)	
Miscellaneous income	35,250
Interest expense	(132,724)
Water and sewer impact fees	583,374
Contributions	35,000
Capital contributions	2,784,151
Total Nonoperating Revenues (Expenses)	3,305,051
Income (Loss) Before Transfers	3,851,956
Transfers in	35,000
Total Transfers	35,000
Change in Net Position	3,886,956
Beginning Net Position	12,960,832
Ending Net Position	$ 16,847,788

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended September 30, 2020

	Water & Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 3,076,473
Cash Payments to Suppliers for Goods and Services	(233,071)
Cash Payments to Employees for Services	(1,670,961)
Net Cash Provided (Used) by Operating Activities	1,172,441
Cash Flows from Non-capital and Related Financing Activities:	
Contributions and Other Non-Operating	653,624
Transfers from Other Funds	35,000
Net Cash Provided (Used) by Non-Capital & Related Financing Activities	688,624
Cash Flows from Capital and Related Financing Activities:	
Principal and Interest Paid	(407,319)
Acquisition or Construction of Capital Assets	1,292,292
Net Cash Provided (Used) by Capital and Related Financing Activities	884,973
Net Increase (decrease) in Cash and Cash Equivalents	2,746,038
Cash and Cash Equivalents at Beginning of Year	
Unrestricted Cash and Investments	1,247,811
Restricted Cash	972,646
	2,220,457
Cash and Cash Equivalents at End of Year	
Unrestricted Cash and Investments	2,414,379
Restricted Cash	2,552,116
	$ 4,966,495
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	546,905
Depreciation and Amortization	490,785
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(176,129)
Decrease (Increase) in Inventories	(35,823)
Decrease (Increase) in Deferred Outflows of Resources	14,964
Decrease (Increase) in Net Pension Asset/Liability	(25,349)
Decrease (Increase) in Net OPEB Asset/Liability	3,213
Increase (Decrease) in Accounts Payable	324,282
Increase (Decrease) in Deferred Inflows of Resources	10,239
Increase (Decrease) in Accrued Liabilities	5,850
Increase (Decrease) Customer Deposits	13,504
Total Adjustments	625,536
Net Cash Provided (Used) by Operating Activities	$ 1,172,441
Contributions of Capital Assets	$ 2,784,151

The accompanying notes are an integral part of this statement.

City of Haslet, Texas

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY AGENCY FUNDS

HASLET PUBLIC IMPROVEMENT DISTRICTS (PID)

As of September 30, 2020

	PID #2	PID #3	PID #4	PID #5	PID #6	PID #7	Total Agency Funds
Assets							
Restricted cash and cash equivalents	$ 1,062	$ 229,355	$ 15,863	$ 689,814	$ 600	$ 1,246	$ 937,940
Total Assets	1,062	229,355	15,863	689,814	600	1,246	937,940
Liabilities							
Liabilities to developers and bondholders	1,062	229,355	15,863	689,814	600	1,246	937,940
Total Liabilities	1,062	229,355	15,863	689,814	600	1,246	937,940
Net Position							
Restricted	-	-	-	-	-	-	-
Total Net Position	$ -	$ -	$ -	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of this statement.

I. SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Government-wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The City of Haslet, Texas (the City) was incorporated as a general law municipality in 1961 under the provisions of Chapter 11 Title 28; Texas revised civil statutes of 1925. The City operates under a Mayor/Council form of government. The City provides such services as are authorized by the Texas Local Government Code to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting policies of the City of Haslet, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's financial statements.

The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that financial statements include all organizations, activities, functions and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Accordingly the City has included the following:

Blended Component Unit

The Haslet Economic Development Corporation (Type A) was created under the law known as the Development Corporation Act of 1979. Type A is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type A are for the benefit of the City. Type A may not issue debt without approval of the City Council. The City must approve changes to Type A's articles of incorporation, may unilaterally terminate Type A, and has residual interest in the net position of Type A. Type A reports its activities using a special revenue fund and it does not issue separate financial statements.

Discretely Presented Component Unit

The Haslet Community and Economic Development Corp. Fund (CEDC) (Type B) was created under the law known as the Development Corporation Act of 1979. Type B is governed by a board of directors comprised of members appointed by the City Council. Capital improvement projects undertaken by Type

B benefit parties external to the City, as well as, for the City. Type B may not issue debt without approval of the City Council.

The City must approve changes to Type B's articles of incorporation, may unilaterally terminate Type B, and has residual interest in the net position of Type B. Type B does not issue separate financial statements.

C. Basis of Presentation – Government-wide

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

> The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> Haslet Economic Development Corporation Fund (Type A) – accounts for use of sales tax revenue for business incentives.
>
> CO Capital Projects Fund – accounts for use of debt used for related construction projects.

The City reports the following major enterprise fund:

> The Water and Sewer Fund operates the water distribution system and the wastewater collection system.

The City reports the following Fiduciary Funds:

> The City acts as an agent for the Public Improvement Districts (PID). There are 6 PID Agency Funds that account for special assessments and bond proceeds, as applicable, for PID #2 through #7.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in

governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. This fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

F. Budgetary Information, Budget Procedures

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying basic financial statements:

1. Annual budgets are adopted on the modified accrual basis of accounting for all governmental funds except the Capital Projects Fund. The Capital Projects and CO Capital Projects Funds adopt project length budgets.

2. Between sixty and ninety days prior to the beginning of the fiscal year, the City Administrator submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted, at which time all interested persons comments concerning the budget are heard.

4. Fifteen days prior to the beginning of the fiscal year, the budget is legally adopted by the City Council enacted through the passage of an ordinance.

5. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revision that increases the total expenditures of any fund must be approved by the City Council. Therefore, the legal level of budgetary control is the fund level.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities, excluding mortgage-backed securities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, excluding mortgage-backed securities; (4) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or the National Credit Union Share Insurance fund, or its successor, (B) secured obligations that are described by Section 2256.009(a) of the Texas Public Funds Investment Act, including mortgage-backed securities issued by a federal agency or instrumentality, but excluding those mortgage-backed securities of the nature described in Section 2256.009(b) of the Act, (C) secured in any other manner and amount provided by law for deposits of the City; or, (5) eligible local government investment pools which invest in instruments and follow practices allowed by current law as defined in Section 2256.016 of the Texas Public Funds Investment Act; (6) regulated no-load money market mutual funds that are (A) registered with and regulated by the Securities and Exchange Commission; (B) having a dollar-weighted average portfolio of ninety (90) days or less; (C) the investment objectives include the maintenance of a stable net asset value of one dollar ($1.00) per share; and (D) the fund is continuously rated no lower than "AAA" or its equivalent rating by at least one nationally recognized rating service; and (7) repurchase agreements, reverse repurchase agreements, bankers' acceptances and commercial paper, to the extent they are contained in the portfolios of approved public funds investment pools in which the City invests.

Investments maturing within one year of date of purchase are stated at cost or amortize cost; all other investments are stated at fair value which is based on quoted market prices.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectible accounts. Water and sewer accounts receivable in excess of 60 days and available customer deposits comprise the allowance for uncollectible accounts.

3. Property taxes

The appraisal of property within the City is the responsibility of the Tarrant and Denton County Appraisal Districts as required by legislation passed by the Texas Legislature. Each Appraisal District is required under such legislation to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City's property tax is levied and recorded as a receivable each October 1, on the assessed value listed as of the prior January 1, for all real and business property located in the City. Taxes are delinquent on February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment.

4. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, bridges, underground structures and piping, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Generally, capital assets are defined by the City as assets with an initial, individual cost of more than $2,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated lives:

Buildings	15 – 30 years
Water and sewer system infrastructure	20 – 50 years
Street and storm drainage system infrastructure	10 – 30 years
Furniture and equipment	5 – 10 years

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred outflow of resources is reported for deferred pension and OPEB balances which are amortized over future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from several sources, including, property taxes, court fines, and special assessments. A deferred inflow of resources is also reported for deferred pension and OPEB balances which are amortized over future periods.

The government reports deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred as an outflow or inflow and amortized over the shorter of the life of the refunded or refunding debt.

7. Compensated absences

Vacation
It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. No liability is reported for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

Sick Leave
Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. Liabilities for compensated absences are liquidated by the General Fund.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund balance policies

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non spendable fund balances category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted fund balances are reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts in the General Fund represent intended uses established by the City Council.

Unassigned fund balances are the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classifications is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

12. Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

I. Revenues and Expenditures/Expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

J. Pension and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from the TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions and GASB No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At year end, the carrying amount of the primary government and component unit's financial institution cash deposits was $29,634,708 and the bank balance was $29,371,936. Of this balance, $21,354,796 was secured by federal deposit insurance and collateral (fair value of $21,104,796) pledged by the depository in the City's name and held by the depository's agent. The remaining balance is collateralized by investments, see TexPool disclosure below. The City also had $1,300 of cash on hand at September 30, 2020.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments were held by the counterparty's agent as of September 30, 2020.

	Carrying Amount	Fair Value	Rating Standard & Poors	Weighted Average Maturity
Primary Government				
Cash	$ 8,707,780			
Restricted cash	186,644			
Investment not subject to categorization:				
Government sponsored investment pool (TexPool)	10,167,873	$ 10,167,873	AAAm	53 days
Restricted government sponsored investment pool (TexPool)	2,365,472	$ 2,365,472	AAAm	53 days
	$ 21,427,769			
Discrete Component Unit - EDC Type B				
Cash	$ -			
Investment not subject to categorization:				
Government sponsored investment pool (TexPool)	8,206,939	$ 8,206,939	AAAm	53 days
	$ 8,206,939			

TexPool is an external investment pool operated by the Texas Comptroller of Public Accounts and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

B. Receivables

Receivables as of year-end for the City's individual major funds, and nonmajor funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	Governmental Activities						
	General	EDC Type A	CO Capital Projects Fund	Nonmajor Governmental Funds	Total	Business-Type Activities	Component Unit EDC Type B
Taxes	$ 43,807	$ -	$ -	$ 92,901	$ 136,708	$ -	$ -
Court	290,266	-	-	-	290,266	-	-
Other	10,012	-	45,985	-	55,997	639,257	-
Intergovernmental	333,480	83,370	817,017	-	1,233,867	759	166,740
Allowance	(78,405)	-	-	-	(78,405)	(7,588)	-
	$ 599,160	$ 83,370	$ 863,002	$ 92,901	$ 1,638,433	$ 632,428	$ 166,740

Deferred Revenue: Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in governmental funds were as follows:

	Deferred Revenue
Major Funds	
Delinquent property taxes receivable (General Fund)	$ 52,197
Other (General Fund)	4,200
Nonmajor Funds	
Delinquent property taxes receivable (General Obligation Debt Service Fund)	9,543
Deferred revenue (Park Board Fund)	550
Total deferred revenue for governmental funds	$ 66,490

C. Capital Assets

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB-34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are listed at estimated or actual historical costs. General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in governmental-type activities. Donated capital assets are valued at their estimated fair market value on the date of donation.

The City uses the following criteria to classify capital assets:

Useful life exceeds one year, and cost equals $2,000 or more for assets acquired by governmental funds. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation and amortization of capital assets are estimated using the straight line method over estimated useful lives and are charged as an expense against operations. Accumulated depreciation and amortization are reported for governmental activities.

Capital asset activity for the primary government for the year ended September 30, 2020:

Governmental Activities:	**Beginning Balances**	**Increases**	**Decreases/ Reclasses**	**Ending Balances**
Capital assets, not being depreciated				
Land	$ 2,199,392	$ -	$ -	$ 2,199,392
Construction in progress	3,532,397	1,736,256	-	5,268,653
Total capital assets not being depreciated	5,731,789	1,736,256	-	7,468,045
Capital assets, being depreciated				
Buildings	3,684,157	-	-	3,684,157
Furniture, fixtures, tools, and equipment	854,887	333,606	-	1,188,493
Vehicles	2,901,715	50,462	-	2,952,177
Improvements other than buildings	1,403,190	-	-	1,403,190
Street and drainage improvements	15,981,591	11,166	-	15,992,757
Total capital assets being depreciated	24,825,540	395,234	-	25,220,774
Less accumulated depreciation	11,951,513	1,099,340	-	13,050,853
Total accumulated depreciation	11,951,513	1,099,340	-	13,050,853
Net capital assets being depreciated	12,874,027	(704,106)	-	12,169,921
Total Capital Assets	$ 18,605,816	$ 1,032,150	$ -	$ 19,637,966

Business-Type Activities	**Beginning Balances**	**Increases**	**Decreases/ Reclasses**	**Ending Balances**
Capital assets, not being depreciated				
Land	$ 20,142	$ -	$ -	$ 20,142
Construction in progress	528,970	858,082	-	1,387,052
Total capital assets not being depreciated	549,112	858,082	-	1,407,194
Capital assets, being depreciated				
Buildings and improvements	7,142	-	-	7,142
Equipment	406,826	-	-	406,826
Water and sewer system infrastructure	18,828,104	633,777	-	19,461,881
Total capital assets being depreciated	19,242,072	633,777	-	19,875,849
Less accumulated depreciation	4,174,537	490,786	-	4,665,323
Total accumulated depreciation	4,174,537	490,786	-	4,665,323
Net capital assets being depreciated	15,067,535	142,991	-	15,210,526
Total Capital Assets	$ 15,616,647	$ 1,001,073	$ -	$ 16,617,720

Component Unit (Type B) Activities	**Beginning Balances**	**Increases**	**Decreases/ Reclasses**	**Ending Balances**
Capital assets, not being depreciated				
Construction in progress	$ -	$ 537,634	$ -	$ 537,634
Total capital assets not being depreciated	-	537,634	-	537,634
Total Capital Assets	$ -	$ 537,634	$ -	$ 537,634

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

General administration	$ 79,798
Fire	306,781
Streets	573,633
Parks and recreation	68,514
Public works	70,614
Total Governmental Activities Depreciation Expense	$ 1,099,340

D. Interfund Transfers

Interfund transfers are used to pay an allocation of general and administrative services, provide funds for debt service, contribute toward the cost of capital projects, and for other operational purposes.

	Transfer out:			
Transfer in:	General	Water & Sewer	EDC Type A	Total
General Fund	$ -	$ -	$ 6,890	$ 6,890
Capital Projects	630,389	-	-	630,389
Nonmajor	165,224	-	-	165,224
Water and Sewer	-	-	35,000	35,000
	$ 795,613	$ -	$ 41,890	$ 837,503

E. Long-term Debt

The City of Haslet issues general obligation bonds, certificates of obligation bonds, contractual obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

Governmental Activities Debt Issuances:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2020
General Obligation Bonds	$ 2,335,000	2016	2032	2-4%	$ 1,545,000
Certificate of Obligations	$ 1,192,000	2017	2031	2.02%	906,000
Certificate of Obligations	$ 750,000	2018	2031	2.51%	619,000
Revenue Bonds - Type A	$ 1,875,000	2020	2040	4-5%	1,875,000
Total Governmental Activities Debt Issuances:					$ 4,945,000

Business-Type Activities Debt Issuances:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2020
Certificates of Obligations	$ 4,155,000	2015	2035	2.2-3%	$ 3,600,000
General Obligation Bonds	$ 1,560,000	2016	2032	2-4%	1,035,000
Total Business-Type Activities Debt Issuances:					$ 4,635,000

Component Unit (Type B) Activities Debt Issuances:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2020
Revenue Bonds	$ 3,735,000	2020	2040	4-5%	$ 3,735,000
Total Component Unit Activities Debt Issuances:					$ 3,735,000

The annual requirements to amortize governmental activities debt issues outstanding at September 30, 2020 are as follows:

Year	Principal	Interest	Total
2021	$ 289,000	$ 172,306	$ 461,306
2022	292,000	163,381	455,381
2023	304,000	154,390	458,390
2024	317,000	144,954	461,954
2025	321,000	135,051	456,051
2026-2030	1,775,000	504,502	2,279,502
2031-2035	1,022,000	212,236	1,234,236
2036-2040	625,000	77,000	702,000
Total	$ 4,945,000	$ 1,563,820	$ 6,508,820

The annual requirements to amortize business-type activities debt issues outstanding at September 30, 2020 are as follows:

Year	Principal	Interest	Total
2021	$ 270,000	$ 142,255	$ 412,255
2022	275,000	134,155	409,155
2023	285,000	125,905	410,905
2024	295,000	117,355	412,355
2025	300,000	108,505	408,505
2026-2030	1,630,000	405,460	2,035,460
2031-2035	1,580,000	138,550	1,718,550
Total	$ 4,635,000	$ 1,172,185	$ 5,807,185

The annual requirements to amortize component unit (Type B) activities debt issues outstanding at September 30, 2020 are as follows:

Year	Principal	Interest	Total
2021	$ 115,000	$ 164,000	$ 279,000
2022	120,000	158,250	278,250
2023	130,000	152,250	282,250
2024	135,000	145,750	280,750
2025	140,000	139,000	279,000
2026-2030	820,000	581,750	1,401,750
2031-2035	1,025,000	376,200	1,401,200
2036-2040	1,250,000	154,000	1,404,000
Total	$ 3,735,000	$ 1,871,200	$ 5,606,200

During the year ended September 30, 2020, the following changes occurred in liabilities reported as governmental, business-type, and component unit activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Certificates of obligation	$ 1,642,000	$ -	$ (117,000)	$ 1,525,000	$ 119,000
General obligation bonds	1,650,000	-	(105,000)	1,545,000	110,000
Revenue bonds - Type A	-	1,875,000	-	1,875,000	60,000
	3,292,000	1,875,000	(222,000)	4,945,000	289,000
Bond premium	185,157	210,343	(23,738)	371,762	23,738
Bond discount	(14,005)	(15,530)	1,778	(27,757)	(1,777)
Total OPEB liability	33,102	10,737	-	43,839	-
Net pension liability	83,436	-	(83,436)	-	-
Accrued compensated absences	70,834	89,380	(70,834)	89,380	89,380
Total Governmental Activities:	$ 3,650,524	$ 2,169,930	$ (398,230)	$ 5,422,224	$ 400,341

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-Type Activities:					
Certificates of obligation	$ 3,790,000	$ -	$ (190,000)	$ 3,600,000	$ 195,000
General obligation bonds	1,105,000	-	(70,000)	1,035,000	75,000
	4,895,000	-	(260,000)	4,635,000	270,000
Bond premium	218,659	-	(15,290)	203,369	15,290
Bond discount	(9,357)	-	693	(8,664)	(693)
Total OPEB liability	7,159	3,213	-	10,372	-
Net pension liability	17,779	-	(17,779)	-	-
Accrued compensated absences	9,710	9,710	(9,710)	9,710	9,710
Total Business-Type Activities:	$ 5,138,950	$ 12,923	$ (302,086)	$ 4,849,787	$ 294,307

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Component Unit (Type B) Activities:					
Certificates of obligation	$ -	$ 3,735,000	$ -	$ 3,735,000	$ 115,000
	-	3,735,000	-	3,735,000	115,000
Bond premium	-	418,370	(19,922)	398,448	19,922
Bond discount	-	(28,679)	1,366	(27,313)	(1,366)
Total Component Unit Activities:	$ -	$ 4,124,691	$ (18,556)	$ 4,106,135	$ 133,556

III. RETIREMENT COMMITMENTS

Texas Municipal Retirement Systems

A. Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas.

TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS.

B. Benefits

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state of statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	23
Active employees	25
Total	55

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.81% and 8.65% in fiscal years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were $143,571.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% including inflation
Investment rate of return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2019 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production on income, in order to satisfy the short-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation.

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Pet Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2018	$ 2,889,629	$ 2,786,453	$ 103,176
Changes for the year:			
Service Cost	247,948	-	247,948
Interest	201,063	-	201,063
Difference between expected and actual experience	70,202	-	70,202
Changes of assumptions	10,566	-	10,566
Contributions - employer	-	137,767	(137,767)
Contributions - employee	-	109,711	(109,711)
Net Investment income	-	431,913	(431,913)
Benefit payments, including refunds of emp. contributions	(69,798)	(69,798)	-
Administration expense	-	(2,434)	2,434
Other changes	-	(72)	72
Net Changes	459,981	607,087	(147,106)
Balance at 12/31/2019	$ 3,349,610	$ 3,393,540	$ (43,930)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 467,647	$ (43,930)	$ (461,703)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

E. Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of $166,603. At September 30, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between projected and actual investment earnings	$ -	$ (99,508)	$ -	$ (1,927)
Difference in changes of assumptions	7,557	-	146	-
Difference between expected and actual economic experience	33,203	-	643	-
Contributions subsequent to the measurement date	108,001	-	2,092	-
Total	$ 148,761	$ (99,508)	$ 2,881	$ (1,927)

$110,093 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	Deferred Outflow (Inflow) of Resources
2021	$ (15,396)
2022	(12,525)
2023	16,801
2024	(48,766)
2025	-
Thereafter	-
	$ (59,886)

Other Post-Employment Benefits (OPEB) Plan

A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit ("OPEB") and is a fixed amount of $7,500. At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	6
Active employees	25
Total	34

C. Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

Contribution rates to the SDBF for the City were 0.16% and 0.18% for fiscal years 2019 and 2020, respectively. The City's contributions to the SDBF for the year ended September 30, 2020 were $2,899, and were equal to the required contributions.

D. Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5%, including inflation
Discount rate	2.75%
Retiree's share of benefit-related costs	$0

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2019, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the Total OPEB Liability was 2.75% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Changes in Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/2018	$ 40,261
Changes for the year:	
Service cost	3,918
Interest on Total OPEB Liability	1,563
Change of benefit terms	-
Difference between expected and actual experience	(1,801)
Changes of assumptions or other inputs	10,427
Benefit payments	(157)
Net changes	$ 13,950
Balance at 12/31/2019	$ 54,211

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.75%) or 1 percentage-point higher (3.75%) than the current rate:

1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
$ 68,059	$ 54,211	$ 43,998

E. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of $2,899. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in changes of assumptions	$ 8,092	$ -
Differences between expected and actual experience	-	(952)
Contributions made subsequent to measurement date	2,291	-
	$ 10,383	$ (952)

The $2,291 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2021. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30:	Deferred Outflows (Inflows) of Resources
2021	$ 1,547
2022	1,547
2023	1,547
2024	1,328
2025	1,171
Thereafter	-
	$ 7,140

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, injuries to employees, employee health benefits, and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the City's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's general purpose financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

B. Tax Abatement Disclosures

The City has entered into agreements with Amazon.com kydc, LLC (Amazon) and Airborne Tactical Advantage Company, LLC (Airborne) under Chapter 380 of the Texas Local Government Code and as codified in Chapter 312 of the Texas Tax Code.

Under the terms of the twenty-five year property and sales tax abatement agreement with Amazon, the City will make annual grant payments to Amazon equal to the sum of the sales tax grant and the property tax grant. These grant amounts range from 33% to 75% of the Sales Tax and Property Grant Base amounts as defined by the Agreement. The City abated $446,868 of Amazon taxes for fiscal year 2020.

If certain improvement conditions are met, under the terms of the ten year property tax abatement agreement with Airborne, the City will abate 50% of tax payments due from Airborne as defined by the Agreement. The City abated $0 of Airborne taxes for fiscal year 2020.

C. Public Improvement Districts

On May 18, 2015, the City Council passed Resolution No. 012-2015 approving and authorizing the creation of PID No. 2 for The Heights Development (PID #2) in accordance with Chapter 372 of the Texas Tax Code. PID #2 consists of approximately 154.977 acres in the J.M. Goodwin Survey A-611, in the corporate limits of the City of Haslet, Tarrant County that was created to finance certain public improvement projects for the benefit of the property in PID #2. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. On January 13, 2020, the City dissolved PID #2 subject to the creation of a new public improvement district to be known as Haslet Public Improvement District No. 7 for the Watercress Development. See more information below.

On June 6, 2016, the City Council passed Resolution No. 006-2016 approving and authorizing the creation of PID No. 3 for The North Glen Development (PID #3) in accordance with Chapter 372 of the Texas Tax Code. PID #3 consists of approximately 192.820 acres of land generally located on the south side of Blue Mound Road and west of FM 156, being a part of the James Rightly Survey, Abstract No. 1268, and the Henry Robertson Survey, Abstract No. 1259, Tarrant County, Texas, that was created to finance certain public improvement projects for the benefit of the property in PID #3. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. These collections have begun and are on time and complete at year-end.

On October 17, 2016, the City Council passed Resolution No. 019-2016 approving and authorizing the creation of PID No. 4 for The Regal Ridge Development (PID #4) in accordance with Chapter 372 of the Texas Tax Code. PID #4 consists of approximately 63.559 acres of land generally located south of Blue Mound Road and east of FM 156 in the City of Haslet, Tarrant County, Texas, that was created to finance certain public improvement projects for the benefit of the property in PID #4. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. These collections have begun and are on time and complete at year-end.

On February 21, 2017, the City Council passed Resolution No. 007-2017 approving and authorizing the creation of PID No. 5 for The Le Tara Ridge Development (PID #5) in accordance with Chapter 372 of the Texas Tax Code. PID #5 consists of approximately 265.610 acres of land generally located within the extraterritorial jurisdiction of the City of Haslet, Tarrant County, Texas, and being the same property generally located south of Avondale-Haslet Road and west of State Highway 156 that was created to finance certain public improvement projects for the benefit of the property in PID #5.

On August 1, 2019, City Council approved ordinance 021-2019 authorizing the issuance of the City of Haslet Texas Special Revenue Bonds series 2019 (Haslet Public Improvement District No. 5 Improvement Area #1 Project) in the original principal amount of $6,070,000. These bonds were authorized in order to finance the projects benefiting the PID #5 including certain roadway, water, wastewater and drainage improvements. Proceeds of the bonds were deposited into trust accounts with Wilmington Trust, N.A. for the purpose of funding improvements in the projects described above. Wilmington Trust serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time to time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned or transferred to Trustee. The City is not obligated in any manner for this special assessment debt, but merely acts as the property owner's agent in handling the debt service transactions by collecting any special assessments tax collections and forwarding them to the Trustee to forward to the bondholders. These collections have begun. Assessment collections for these Special Assessment Revenue Bonds are on time and complete at year-end.

The total bond principal outstanding for the Haslet Texas Special Revenue Bonds Series 2019 (Haslet Public Improvement District No. 5 Improvement Area #1 Project) is $6,070,000 at September 30, 2020.

On February 6, 2017, the City Council passed Resolution No. 005-2017 approving and authorizing the creation of PID No. 6 for The Caraway Development (PID #6) in accordance with Chapter 372 of the Texas Tax Code. PID #6 consists of approximately 265.610 acres of land generally located within the extraterritorial jurisdiction of the City of Haslet, Tarrant County, Texas, and being the same property generally located south of Avondale-Haslet Road and west of State Highway 156 that was created to finance certain public improvement projects for the benefit of the property in PID #5. The City acts as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. These collections have begun and are on time and complete at year-end.

On January 13, 2020, the City Council passed Resolution No. 001-2020 approving and authorizing the creation of PID No. 7 for The Watercress Development (PID #7) in accordance with Chapter 372 of the Texas Tax Code. PID #7 consists of approximately 154.977 acres of land located entirely within the corporate boundaries of the City of Haslet, Tarrant County, Texas and generally located south of Blue Mound Road, west of Harmon Road, east of FM 156 (Haslet County Line Road), and north of Bayne Road that was created to finance certain public improvement projects for the benefit of the property in PID #7. The City will act as the property owner's agent by collecting any special assessments tax collections and forwarding to the developers. These collections have begun and are on time and complete at year-end.

D. Prior Period Adjustment

The City had the following restatement to net position due to a TXDOT reimbursement expense recorded in the incorrect period. The effect of this adjustment on government wide beginning balances is recorded below as well as an additional prior period adjustment to record prior year construction in progress in the long-term debt account group.

	Government Wide	CO Capital Projects Fund
Beginning balances, as previously reported	$ 24,459,087	$ 140,381
Prior period adjustment	299,196	(706,913)
Beginning balances, as restated	$ 24,758,283	$ (566,532)

E. Excess of Expenditures Over Appropriations

For the year ended September 30, 2020, the EDC-Type A and the discretely presented component unit, the CEDC-Type B, has exceeded appropriations at the legal level of control in the amount of $285,045 and $510,369, respectively. The City and CEDC-Type B have implemented procedures to ensure compliance.

F. Subsequent Events

Management has evaluated all events or transactions that occurred after September 30, 2020 up through the date of the auditor's report date. This is the date the financial statements were available for issuance. Management has identified no subsequent events except as follows. On March 1, 2021, the City Council passed Resolution No. 003-2021 authorizing the establishment of Public Improvement District No. 8 for The Sweetgrass Development (PID #8) in accordance with Chapter 372 of the Texas Tax Code.

REQUIRED SUPPLEMENTARY INFORMATION

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GENERAL FUND - BUDGET TO ACTUAL

For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Licenses and permits	$ 403,800	$ 1,305,800	$ 1,384,178	$ 78,378
Sales tax	977,800	2,290,055	1,911,783	(378,272)
Property tax, penalties, and interest	1,652,046	1,591,295	1,550,601	(40,694)
Fines	284,500	200,500	202,352	1,852
Franchise Tax	281,500	281,123	261,028	(20,095)
Miscellaneous	55,390	48,398	59,528	11,130
Fire Protection	114,000	124,200	97,875	(26,325)
Interest	65,030	61,030	57,444	(3,586)
Gas royalties	30,000	30,000	17,288	(12,712)
Contributions	3,600	3,600	405	(3,195)
Total Revenues	3,867,666	5,936,001	5,542,482	(393,519)
Expenditures				
Current:				
Public safety	695,263	695,263	695,262	1
Fire	692,582	622,777	566,654	56,123
Public works	397,266	394,801	310,370	84,431
Administration	270,851	318,511	355,578	(37,067)
Planning	353,769	353,769	315,803	37,966
Library	320,175	318,400	305,785	12,615
Parks	227,816	227,816	199,571	28,245
Finance	189,021	202,021	190,937	11,084
Court	172,270	172,270	173,359	(1,089)
City secretary	205,725	205,814	146,589	59,225
Non-departmental	149,045	149,636	150,237	(601)
Streets	119,400	119,400	106,712	12,688
Economic development	70,954	70,954	69,803	1,151
Capital outlay	-	10,465	20,962	(10,497)
Total Expenditures	3,864,137	3,861,897	3,607,622	233,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,529	2,074,104	1,934,860	(139,244)
Other Financing Sources (Uses)				
Transfers in	6,890	11,890	6,890	(5,000)
Transfers out	(410,292)	(694,389)	(795,613)	(101,224)
Total Other Financing Sources (Uses)	(403,402)	(682,499)	(788,723)	(106,224)
Net Change in Fund Balances	(399,873)	1,391,605	1,146,137	(245,468)
Beginning Fund Balances	5,597,149	5,597,149	5,597,149	
Ending Fund Balances	$ 5,197,276	$ 6,988,754	$ 6,743,286	

City of Haslet, Texas

SCHEDULE OF CHANGES IN

NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Last Ten Measured Years

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service Cost	$ 247,948	$ 232,704	$ 210,594	$ 200,128	$ 152,689	$ 127,691
Interest (on the Total Pension Liability)	201,063	178,316	154,325	135,844	120,684	120,806
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	70,202	(32,005)	12,576	(36,328)	(24,699)	(209,303)
Change of assumptions	10,566	-	-	-	44,306	-
Benefit payments, including refunds of employee contributions	(69,798)	(29,514)	(36,728)	(25,460)	(31,038)	(75,829)
Net Change in Total Pension Liability	459,981	349,501	340,767	274,184	261,942	(36,635)
Total Pension Liability - Beginning	2,889,629	2,540,128	2,199,361	1,925,177	1,663,235	1,699,870
Total Pension Liability - Ending (a)	$ 3,349,610	$ 2,889,629	$ 2,540,128	$ 2,199,361	$ 1,925,177	$ 1,663,235
Plan Fiduciary Net Position						
Contributions - Employer	137,767	125,816	117,399	102,768	95,444	69,789
Contributions - Employee	109,711	102,384	93,419	88,051	69,090	58,157
Net Investment Income	431,913	(80,112)	304,266	128,549	2,606	92,819
Benefit payments, including refunds of employee contributions	(69,798)	(29,514)	(36,728)	(25,460)	(31,038)	(75,829)
Administrative Expense	(2,434)	(1,545)	(1,575)	(1,451)	(1,587)	(969)
Other	(72)	(81)	(81)	(78)	(78)	(80)
Net Change in Plan Fiduciary Net Position	607,087	116,948	476,700	292,379	134,437	143,887
Plan Fiduciary Net Position - Beginning	2,786,453	2,669,505	2,192,805	1,900,426	1,765,989	1,622,102
Plan Fiduciary Net Position - Ending (b)	$ 3,393,540	$ 2,786,453	$ 2,669,505	$ 2,192,805	$ 1,900,426	$ 1,765,989
Net Pension Liability - Enging (a) - (b)	$ (43,930)	$ 103,176	$ (129,377)	$ 6,556	$ 24,751	$ (102,754)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.31%	96.43%	105.09%	99.70%	98.71%	106.18%
Covered Payroll	1,567,307	1,462,624	1,334,560	1,257,874	987,000	830,821
Net Pension Liability as a Percentage of Covered Payroll	-2.80%	7.05%	-9.69%	0.52%	2.51%	-12.37%

NOTES TO SCHEDULE:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is presented .

City of Haslet, Texas

SCHEDULE OF CONTRIBUTIONS TO PENSION PLAN

TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 143,571	$ 135,187	$ 124,490	$ 115,524	$ 105,969	$ 84,476
Contributions in relation to the actuarially determined contribution	143,571	135,187	124,490	115,524	105,969	84,476
Covered payroll	$ 1,629,299	$ 1,542,546	$ 1,439,743	$ 1,310,657	$ 1,243,086	$ 923,673
Contributions as a percentage of covered payroll	8.81%	8.76%	8.65%	8.81%	8.52%	9.15%

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market, market value recognition method, 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information:	
Notes	There were no benefit changes during the year

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is presented .

City of Haslet, Texas

SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Ten Measured Years

	2019	2018	2017
Total OPEB liability			
Service Cost	$ 3,918	$ 4,388	$ 3,470
Interest (on the Total OPEB Liability)	1,563	1,309	1,179
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,801)	120	-
Changes in assumptions or other imputs	10,427	-	3,386
Benefit payments	(157)	(16)	(133)
Net Change in Total OPEB Liability	13,950	5,801	7,902
Total OPEB Liability - Beginning	40,261	37,416	29,514
Total OPEB Liability - Ending (a)	$ 54,211	$ 43,217	$ 37,416
Covered Payroll	$ 1,567,307	$ 1,462,624	$ 1,334,560
Total OPEB Liability as a Percentage of Covered Payroll	3.46%	2.95%	2.80%

NOTES TO SCHEDULE OF TOTAL OPEB LIABILITY

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is presented .

City of Haslet, Texas

SCHEDULE OF CONTRIBUTIONS TO OPEB PLAN

TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN

Last Ten Fiscal Years

	2020	2019	2018
Actuarially Determined Contribution	$ 2,899	$ 2,518	$ 2,306
Contributions in relation to the actuarially determined contribution	2,899	2,518	2,306
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 1,629,299	$ 1,542,546	$ 1,439,743
Contributions as a percentage of covered payroll	0.18%	0.16%	0.16%

NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is presented .

Valuation Timing:	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	3.5% to 11.5% including inflation
Discount Rate	2.75%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality:	
Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information:

Notes	There were no benefit changes during the year.

Note A: Budgetary Process

The official budget was prepared for adoption for the General Fund and the Economic Development Corporation (Type A). The following procedures are followed in establishing the budgetary data reflected in the required supplementary information:

a. Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.

c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

d. Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council.

e. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end.

f. All budget appropriations lapse at year end.

OTHER SUPPLEMENTARY INFORMATION

Combining Statements, Individual
Nonmajor Funds, and Agency Funds
as Supplementary Information

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes.

- Park Board Fund – to account for contributions used for park improvements.
- Municipal Court Security Fund – to ac
- count for use of municipal court fees assessed for providing security for municipal court.
- Municipal Court Technology Fund – to account for use of municipal court fees assessed for municipal court technology improvements.
- City Parks Improvements Fund – to account for development and impact fees used for park improvements.
- Library Board Fund – to account for contributions used for Library operations and improvements.
- Library Grant Fund – to account for contributions and grants used for Library improvement.
- Street Maintenance Sales Tax Fund – to account for use of sales tax collections for street maintenance.

Debt Service Fund

- General Obligation Debt Service Fund is used to account for the payment of principal and interest on general long-term bonded debt of the City. Payments of principal and interest on equipment, financing used in general activities of the City and other financing are serviced by the General Fund.

Capital Projects Fund

- C. O. Capital Projects Fund – accounts for use of transfers from other funds used for various construction projects.

PID Agency Funds

- To account for the special assessments, bond proceeds, and related debt associated with the bonds issued by the City as an agent for the Public Improvement Districts (PID) #2 - #7.

City of Haslet, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Total Special Revenue Funds	General Obligation Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	$ 1,388,655	$ 293,808	$ 112,380	$ 1,794,843
Sales tax receivable	83,370	9,531	-	92,901
Total Assets	1,472,025	303,339	112,380	1,887,744
Liabilities				
Accounts payable	16,721	-	113,447	130,168
Total Liabilities	16,721	-	113,447	130,168
Deferred Inflows of Resources				
Deferred revenue	550	9,543	-	10,093
Total Deferred Inflows of Resources	550	9,543	-	10,093
Fund Balances				
Restricted	1,090,677	293,796	-	1,384,473
Committed	364,077	-	(1,067)	363,010
Total Fund Balances	1,454,754	293,796	(1,067)	1,747,483
Total Liabilities, Deferred Inflows, and Fund Balances	$ 1,472,025	$ 303,339	112,380	$ 1,887,744

City of Haslet, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

Revenues	Total Special Revenue Funds	General Obligation Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Sales tax	$ 573,248	$ -	$ -	$ 573,248
Property tax, penalties, and interest	-	294,532	-	294,532
Contributions	6,702	-	-	6,702
Park development	34,000	-	-	34,000
Miscellaneous	28,927	-	-	28,927
Interest	8,597	3,244	309	12,150
Fines	9,189	-	-	9,189
Total Revenues	660,663	297,776	309	958,748
Expenditures				
Current:				
Parks	32,974	-	-	32,974
Court	12,925	-	-	12,925
Library	7,009	-	-	7,009
General government	77,122	-	-	77,122
Non-departmental	-	-	59,975	59,975
Capital outlay	21,230	-	629,308	650,538
Debt service				
Principal	-	222,000	-	222,000
Interest	-	95,738	-	95,738
Total Expenditures	151,260	317,738	689,283	1,158,281
Revenues Over Expenditures	509,403	(19,962)	(688,974)	(199,533)
Other Financing Sources (Uses)				
Transfers in (out)	65,142	100,082	630,389	795,613
Total Other Financing Sources (Uses)	65,142	100,082	630,389	795,613
Net Change in Fund Balances	574,545	80,120	(58,585)	596,080
Beginning Fund Balances, as Restated	880,209	213,676	57,518	1,151,403
Ending Fund Balances	$ 1,454,754	$ 293,796	(1,067)	$ 1,747,483

City of Haslet, Texas

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

As of September 30, 2020

	Park Board Fund	Municipal Court Security	Municipal Court Technology	City Parks Improvements	Library Board	Library Grant	Street Maintenance Sales Tax Fund	CARES Act Fund	Insurance Trust Fund	Total Special Revenue Funds
Assets										
Cash and investments	$ 105,207	$ 23,848	$ 16,012	$ 254,570	$ 7,431	$ 6,012	$ 951,033	$ 13,661	$ 10,881	$ 1,388,655
Receivables	-	-	-	-	-	-	83,370	-	-	83,370
Total Assets	105,207	23,848	16,012	254,570	7,431	6,012	1,034,403	13,661	10,881	1,472,025
Liabilities										
Accounts payable	8,484	-	-	-	-	109	-	8,128	-	16,721
Total Liabilities	8,484	-	-	-	-	109	-	8,128	-	16,721
Deferred Inflows of Resources										
Deferred revenue	550	-	-	-	-	-	-	-	-	550
Total Deferred Inflows of Resources	550	-	-	-	-	-	-	-	-	550
Fund Balances										
Restricted	-	23,848	16,012	-	-	-	1,034,403	5,533	10,881	1,090,677
Committed	96,173	-	-	254,570	7,431	5,903	-	-	-	364,077
Total Fund Balances	96,173	23,848	16,012	254,570	7,431	5,903	1,034,403	5,533	10,881	1,454,754
Total Liabilities, Deferred Inflows, and Fund Balances	$ 105,207	$ 23,848	16,012	$ 254,570	$ 7,431	$ 6,012	$ 1,034,403	$ 13,661	$ 10,881	1,472,025

City of Haslet, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2020

	Park Board Fund	Municipal Court Security	Municipal Court Technology	City Parks Improvements	Library Board	Library Grant	Street Maintenance Sales Tax Fund	CARES Act Fund	Insurance Trust Fund	Total Special Revenue Funds
Revenues										
Sales tax	$ -	$ -	$ -	$ -	$ -	$ -	$ 477,548	$ 95,700	$ -	$ 573,248
Park development fees	-	-	-	34,000	-	-	-	-	-	34,000
Miscellaneous	18,046	-	-	-	-	-	-	-	10,881	28,927
Fines	-	4,208	4,981	-	-	-	-	-	-	9,189
Interest	620	229	151	1,991	68	-	5,538	-	-	8,597
Contributions	-	-	-	-	-	6,702	-	-	-	6,702
Total Revenues	18,666	4,437	5,132	35,991	68	6,702	483,086	95,700	10,881	660,663
Expenditures										
Current:										
Parks	32,832	-	-	142	-	-	-	-	-	32,974
Court	-	7,392	5,533	-	-	-	-	-	-	12,925
Library	-	-	-	-	4,247	2,762	-	-	-	7,009
General government	-	-	-	-	-	-	-	77,122	-	77,122
Capital outlay	8,185	-	-	-	-	-	-	13,045	-	21,230
Total Expenditures	41,017	7,392	5,533	142	4,247	2,762	-	90,167	-	151,260
Revenues Over Expenditures	(22,351)	(2,955)	(401)	35,849	(4,179)	3,940	483,086	5,533	10,881	509,403
Other Financing Sources (Uses)										
Transfers in (out)	61,071	-	-	-	4,071	-	-	-	-	65,142
Total Other Financing (Uses)	61,071	-	-	-	4,071	-	-	-	-	65,142
Net Change in Fund Balances	38,720	(2,955)	(401)	35,849	(108)	3,940	483,086	5,533	10,881	574,545
Beginning fund balances	57,453	26,803	16,413	218,721	7,539	1,963	551,317	-	-	880,209
Ending Fund Balances	$ 96,173	$ 23,848	16,012	$ 254,570	$ 7,431	$ 5,903	$ 1,034,403	$ 5,533	$ 10,881	$ 1,454,754

City of Haslet, Texas
COMMUNITY & ECONOMIC DEVELOPMENT CORPORATION TYPE B
BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNIT
As of September 30, 2020

Assets		
Cash and cash equivalents	$	8,206,939
Receivables, net		166,740
Inventory		959,789
Total Assets		9,333,468
Liabilities		
Accounts payable		429,388
Accrued liabilities		8,902
Customer deposits		2,250
Total Liabilities		440,540
Fund Balances		
Unassigned		8,892,928
Total Fund Balances		8,892,928
Total Liabilities and Fund Balances	$	9,333,468

City of Haslet, Texas
COMMUNITY & ECONOMIC DEVELOPMENT CORPORATION TYPE B
RECONCILITION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION - DISCRETELY PRESENTED COMPONENT UNIT
As of September 30, 2020

Fund Balances - Discretely Presented Component Unit	$	8,892,928
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		537,634
Note receivable balances that are not due in the current period are not reported in the funds.		-
Long-term debt for the fiscal year is included in the Statement of Net Position.		(4,106,135)
Payables for bond interest, which are not due in the current period, are not reported in the funds.		(6,796)
Deferred resource inflows related to the pension plan are not reported in the funds.		(1,927)
Deferred resource outflows related to the pension plan are not reported in the funds.		2,881
The City's proportionate share of the pension liability are not reported in the funds.		835
Net Position of Discretely Presented Component Unit - Statement of Net Position	$	5,319,420

City of Haslet, Texas
COMMUNITY & ECONOMIC DEVELOPMENT CORPORATION TYPE B
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - DISCRETELY PRESENTED COMPONENT UNIT
For the Year Ended September 30, 2020

Revenues		
Taxes:		
Sales	$	955,097
Rental income		30,870
Interest revenue		34,495
Total Revenues		1,020,462
Expenditures		
Current:		
Development services		132,240
Debt service:		
Interest expense and fiscal charges		167,122
Capital outlay		537,634
Total Expenditures		836,996
Revenues Over Expenditures		183,466
Other Financing Sources (Uses)		
Proceeds from the issuance of debt		4,124,691
Total Other Financing Sources (Uses)		4,124,691
Net Change in Fund Balances		4,308,157
Beginning Fund Balances		4,584,771
Ending Fund Balances	$	8,892,928

City of Haslet, Texas
COMMUNITY & ECONOMIC DEVELOPMENT CORPORATION TYPE B
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNIT
For the Year Ended September 30, 2020

Net Change in Fund Balances - Discretely Presented Component Unit	$	4,308,157
Capital outlays are not reported as expenses in the SOA.		537,634
Proceeds from the issuance of debt are recorded in the funds but are not recorded in the SOA.		(4,124,691)
(Increase) decrease in accrued interest from beginning of period to end of period and amortization of bond premium and discount.		11,760
Pension and OPEB expenses relating to GASB 68/75 are recorded in the SOA but not in the funds.		1,789
Change in Net Position of the Discretely Presented Component Unit	$	734,649

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES

COMMUNITY & ECONOMIC DEVLOPMENT CORPORATION TYPE B - BUDGET TO ACTUAL

For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 487,565	$ 1,143,627	$ 955,097	$ (188,530)
Interest	41,000	41,000	34,495	(6,505)
Rental	45,220	# 45,220	30,870	(14,350)
Total Revenues	573,785	1,229,847	1,020,462	(209,385)
Expenditures				
Economic development	663,730	279,705	132,240	147,465
Interest and fiscal charges	-	46,922	167,122	(120,200)
Capital outlay	150,000	-	537,634	(537,634)
Total Expenditures	813,730	326,627	836,996	(510,369)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(239,945)	903,220	183,466	(719,754)
Other Financing Sources (Uses)				
Proceeds of bond issues	-	-	4,124,691	(4,124,691)
Transfers Out	-	282,400	4,282,400	(4,000,000)
Transfers In		-	(4,282,400)	4,282,400
Total Other Financing Sources (Uses)	-	282,400	4,124,691	(3,842,291)
Net Change in Fund Balances	(239,945)	1,185,620	4,308,157	$ (4,562,045)
Beginning Fund Balances	4,584,771	4,584,771	4,584,771	
Ending Fund Balances	$ 4,344,826	$ 5,770,391	$ 8,892,928	

City of Haslet, Texas
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY AGENCY FUNDS
HASLET PUBLIC IMPROVEMENT DISTRICTS (PID)
For the Year Ended September 30, 2020

PID #2	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets				
Restricted cash and cash equivalents	$ 1,711		$ (649)	$ 1,062
Total Assets	$ 1,711	$ -	$ (649)	$ 1,062
Liabilities				
Liabilities to developer	$ 1,711	$ -	$ (649)	$ 1,062
Total Liabilities	$ 1,711	$ -	$ (649)	$ 1,062

PID #3	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets				
Restricted cash and cash equivalents	$ 12,615	$ 234,798	$ (18,058)	$ 229,355
Total Assets	$ 12,615	$ 234,798	$ (18,058)	$ 229,355
Liabilities				
Liabilities to developer	$ 12,615	$ 234,798	$ (18,058)	$ 229,355
Total Liabilities	$ 12,615	$ 234,798	$ (18,058)	$ 229,355

PID #4	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets				
Restricted cash and cash equivalents	$ 13,576	$ 15,000	$ (12,713)	$ 15,863
Total Assets	$ 13,576	$ 15,000	$ (12,713)	$ 15,863
Liabilities				
Liabilities to developer	$ 13,576	$ 15,000	$ (12,713)	$ 15,863
Total Liabilities	$ 13,576	$ 15,000	$ (12,713)	$ 15,863

City of Haslet, Texas
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY AGENCY FUNDS
HASLET PUBLIC IMPROVEMENT DISTRICTS (PID)
For the Year Ended September 30, 2020

PID #5	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Assets				
Restricted cash and cash equivalents	$ 2,561,745	$ 95,296	$ (1,967,227)	$ 689,814
Total Assets	$ 2,561,745	$ 95,296	$ (1,967,227)	$ 689,814
Liabilities				
Liabilities to bond holders	$ 2,561,745	$ 95,296	$ (1,967,227)	$ 689,814
Total Liabilities	$ 2,561,745	$ 95,296	$ (1,967,227)	$ 689,814

PID #6	Beginning of Year	Additions	Deletions	End of Year
Assets				
Restricted cash and cash equivalents	$ 3,722	$ 432,656	$ (435,778)	$ 600
Total Assets	$ 3,722	$ 432,656	$ (435,778)	$ 600
Liabilities				
Liabilities to developer	$ 3,722	$ 432,656	$ (435,778)	$ 600
Total Liabilities	$ 3,722	$ 432,656	$ (435,778)	$ 600

PID #7	Beginning of Year	Additions	Deletions	End of Year
Assets				
Restricted cash and cash equivalents	$ -	$ 40,000	$ (38,754)	$ 1,246
Total Assets	$ -	$ 40,000	$ (38,754)	$ 1,246
Liabilities				
Liabilities to developer	$ -	$ 40,000	$ (38,754)	$ 1,246
Total Liabilities	$ -	$ 40,000	$ (38,754)	$ 1,246

See Notes to the Financial Statements

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND FUND BALANCES

ECONOMIC DEVLOPMENT CORPORATION TYPE A - BUDGET TO ACTUAL

For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 243,782	$ 571,814	$ 477,548	$ (94,266)
Interest	45,000	45,000	28,754	(16,246)
Total Revenues	288,782	616,814	506,302	(110,512)
Expenditures				
Economic development	1,705,836	100,836	56,069	44,767
Capital outlay	345,000	-	329,811	(329,811)
Interest	-	23,575	23,576	(1)
Total Expenditures	2,050,836	124,411	409,456	(285,045)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,762,054)	492,403	96,846	(395,557)
Other Financing Sources (Uses)				
Transfers out	(41,890)	(185,290)	(2,185,290)	(2,000,000)
Transfers in	-	-	2,143,400	(2,143,400)
Bond issuance costs	-	-	(69,770)	69,770
Bond proceeds	-	-	1,875,000	(1,875,000)
Proceeds from the issuance of premium	-	-	210,342	(210,342)
Proceeds from the issuance of discount	-	-	(15,530)	15,530
Total Other Financing Sources (Uses)	(41,890)	(185,290)	1,958,152	(5,948,630)
Net Change in Fund Balances	(1,803,944)	307,113	2,054,998	$ (6,344,187)
Beginning Fund Balances	3,171,988	3,171,988	3,171,988	
Ending Fund Balances	$ 1,368,044	$ 3,479,101	$ 5,226,986	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GENERAL OBLIGATION DEBT SERVICE FUND - BUDGET TO ACTUAL

For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property tax, penalties, and interest	$ 323,913	$ 323,913	$ 294,532	$ (29,381)
Interest	9,000	9,000	3,244	(5,756)
Total Revenues	332,913	332,913	297,776	(35,137)
Expenditures				
Debt service				
Principal	220,000	220,000	222,000	(2,000)
Interest	100,511	100,511	95,738	4,773
Total Expenditures	320,511	320,511	317,738	2,773
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,402	12,402	(19,962)	(32,364)
Net Change in Fund Balances	12,402	12,402	(19,962)	$ (32,364)
Beginning Fund Balances, as Restated	213,676	213,676	213,676	
Ending Fund Balances	$ 226,078	$ 226,078	$ 193,714	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PARK BOARD FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Miscellaneous	$ 44,850	$ 19,490	$ 18,046	$ (1,444)
Interest	650	650	620	(30)
Total Revenues	45,500	20,140	18,666	(1,474)
Expenditures				
Parks	110,250	47,559	32,832	14,727
Total Expenditures	110,250	47,559	32,832	14,727
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,750)	(27,419)	(14,166)	(16,201)
Other Financing Sources (Uses)				
Transfers in (out)	60,500	60,500	61,071	(571)
Total Other Financing (Uses)	60,500	60,500	61,071	(571)
Net Change in Fund Balances	(4,250)	33,081	46,905	$ 12,682
Beginning Fund Balances	57,453	57,453	57,453	
Ending Fund Balances	$ 53,203	$ 90,534	$ 104,358	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MUNICPAL COURT SECURITY FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Fines	$ 6,000	$ 6,000	$ 4,208	$ (1,792)
Interest	300	300	229	(71)
Total Revenues	6,300	6,300	4,437	(1,863)
Expenditures				
Court	18,475	18,475	7,392	11,083
Total Expenditures	18,475	18,475	7,392	11,083
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,175)	(12,175)	(2,955)	9,220
Net Change in Fund Balances	(12,175)	(12,175)	(2,955)	$ 9,220
Beginning Fund Balances	26,803	26,803	26,803	
Ending Fund Balances	$ 14,628	$ 14,628	$ 23,848	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MUNICPAL COURT TECHNOLOGY FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Fines	$ 8,000	$ 8,000	$ 4,981	$ (3,019)
Interest	100	100	151	51
Total Revenues	8,100	8,100	5,132	(2,968)
Expenditures				
Court	7,477	7,477	5,533	1,944
Total Expenditures	7,477	7,477	5,533	1,944
Excess (Deficiency) of Revenues Over (Under) Expenditures	623	623	(401)	(1,024)
Net Change in Fund Balances	623	623	(401)	$ (1,024)
Beginning Fund Balances	16,413	16,413	16,413	
Ending Fund Balances	$ 17,036	$ 17,036	$ 16,012	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CITY PARKS IMPROVEMENTS FUND - BUDGET TO ACTUAL
For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Park development fees	$ 50,000	$ 50,000	$ 34,000	$ (16,000)
Interest	3,000	3,000	1,991	(1,009)
Total Revenues	53,000	53,000	35,991	(17,009)
Expenditures				
Parks	260,000	260,000	142	259,858
Total Expenditures	260,000	260,000	142	259,858
Excess (Deficiency) of Revenues Over (Under) Expenditures	(207,000)	(207,000)	35,849	242,849
Net Change in Fund Balances	(207,000)	(207,000)	35,849	$ 242,849
Beginning Fund Balances	218,721	218,721	218,721	
Ending Fund Balances	$ 11,721	$ 11,721	$ 254,570	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

LIBRARY GRANT FUND - BUDGET TO ACTUAL

For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Contributions	$ 10,000	$ 10,000	$ 6,702	$ (3,298)
Total Revenues	10,000	10,000	6,702	(3,298)
Expenditures				
Library	10,000	10,000	2,762	7,238
Total Expenditures	10,000	10,000	2,762	7,238
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	3,940	3,940
Net Change in Fund Balances	-	-	3,940	$ 3,940
Beginning Fund Balances	1,963	1,963	1,963	
Ending Fund Balances	$ 1,963	$ 1,963	$ 5,903	

City of Haslet, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

STREET MAINTENANCE SALES TAX FUND - BUDGET TO ACTUAL

For the Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Sales tax	$ 243,782	$ 422,042	$ 477,548	$ 55,506
Interest	1,100	1,100	5,538	4,438
Total Revenues	244,882	423,142	483,086	59,944
Expenditures				
Streets	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	244,882	423,142	483,086	59,944
Net Change in Fund Balances	244,882	423,142	483,086	$ 59,944
Beginning Fund Balances	551,317	551,317	551,317	
Ending Fund Balances	$ 796,199	$ 974,459	$ 1,034,403	

SUPPLEMENTARY INFORMATON REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE

LaFollett and Company PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council of
City of Haslet, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Haslet, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LaFollett & Company PLLC
Tom Bean, Texas
April 19, 2021

LaFollett and Company PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the City Council of the
City of Haslet, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Haslet's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedules of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

LaFollett & Company PLLC
Tom Bean, Texas
April 19, 2021

City of Haslet, Texas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2020

Federal Grantor / Pass Through Grantor / Federal Program	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Transportation			
Passed through Texas Department of Transportation			
Highway Planning and Construction Cluster			
To the City of Haslet, Texas			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CSJ 0902-90-020	$ 904,144
To the Haslet Economic Development Corporation (Type A)			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CSJ 0902-90-141	176,649
To the Haslet Community and Economic Development Corporation (Type B)			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CSJ 0902-90-141	342,907
Total Highway Planning and Construction Cluster			1,423,700
Total U.S. Department of Transportation			1,423,700
U.S. Department of the Treasury			
Passed through Tarrant County, Texas			
Coronavirus Relief Fund	21.019	CO # 133002	90,167
Total U.S. Department of the Treasury			90,167
Total Expenditures of Federal Awards			$ 1,513,867

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Haslet Texas and its component units (the "City"). The City's reporting entity is defined in Note I of the City's basic financial statements. All federal awards received directly by the City from federal agencies, as well as federal awards passed through other government agencies, are included in the scope of the Federal Single Audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and are included on the Schedule of Expenditures of Federal Awards.

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

INDIRECT COST RATE

The City has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

The City of Haslet, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements	2020
Type of auditor's reports issued:	UNMODIFIED
Internal control over financial reporting:	
• Significant deficiencies identified?	YES
• Significant deficiencies identified that are considered to be a material weakness?	YES
Noncompliance material to the financial statements noted?	NO
Federal Awards	
Internal control over major programs:	
• Significant deficiencies identified?	NO
• Significant deficiencies identified that are considered to be a material weakness?	NO
Type of auditor's report issued on compliance for major programs:	UNMODIFIED
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. CFR Part 200 Uniform Guidance Subpart F*?*	NO

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction (Federal Aid Highway Program)

Dollar threshold to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	NO

SECTION II – FINANCIAL STATEMENT FINDINGS

Material Weakness

2020-001:	Reimbursed Costs
Criteria:	Reimbursed costs from the Texas Department of Transportation (TXDOT) for projects should be recorded as revenue on the accrual basis of accounting.
Condition:	In the prior year, funds for reimbursed costs were recorded as a reduction of expense rather than as revenue. As a result, a prior period adjustment was recorded in the current year to correct related balances. In the current year, reimbursed costs for one project with the component units were not recorded on the accrual basis of accounting. An audit adjustment to record the amounts was proposed.
Possible Asserted Effect:	The internal control objectives are compromised and may not provide for the timely detection and correction of errors.
Cause:	Internal controls were not designed and implemented to ensure that reimbursement revenue was properly recorded.
Perspective:	These matters appeared to occur only for reimbursed project costs.
Recommendation:	Design and implement controls and processes to review and approve the recording of reimbursed costs in the general ledger. The City should engage their CPA consultant to review and approve the final trial balance, after closing adjustments, before submitting for audit.
Management's Response:	The Alliance, TX, Haslet Accessibility Improvement Project has been a challenging project. There is many internal staff working on this project as well as many staff at TXDOT. The project has had many components with engineering and right-of-way acquisition, the issuance of bonds in the EDC component units, and several different agreements with developers and landowners. Portions of the TXDOT grant were denied for reimbursement in FYE 2019 and this required the City to very quickly determine alternate funding sources for the project. The complexity of this project and the additional hurdle of the COVID-19 pandemic created a situation where communication was not as frequent as it should have been to correctly identify when some expenditures or reimbursements were going to occur. Expenditures and reimbursements were all recorded timely in the City's general ledger; however they were not reported on an accrual basis at year end. Reimbursements were netted against expenditures in FYE 2019 however this was corrected in FYE 2020.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report in this section.

City of Haslet, Texas
Summary Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended September 30, 2020

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There are no matters to report in this section.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report in this section.